
STATE OF INDIANA

DEPARTMENT OF LOCAL GOVERNMENT FINANCE



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School Property Tax Control Board Meeting Minutes April 19, 2007

The monthly meeting of the School Property Tax Control Board was held on Thursday, April 19, 2007. The meeting was held in the Indiana Government Center South, Conference Center Room 2, 302 West Washington Street, Indianapolis, IN 46204. Those in attendance were Roger Umbaugh, Kurt Barrow, Richard Besinger, Debbie Hineline, Joe Bronnert, Dave Bowen, Chuck Nemeth, Denise Seger, and Kaitlin Boldt, Administrative Officer.

Minutes and Discussion: March 15, 2007 meeting minutes. Mr. Nemeth commented that he was attributed to some comments he did not make in the March 15 meeting minutes and would like the minutes corrected.

Greensburg Community Schools, Decatur County: Officials request approval of a lease rental agreement with maximum annual payments of \$925,000 for a term of 12 years. Total project costs are \$6,000,000. The tax rate impact is \$0.0920 with a new facility rate impact of \$0.0169 expected. The common construction wage scale was passed with the Governor's representative abstaining from the vote. There was no application for a petition and remonstrance process. The total project cost per square foot of the addition to Greensburg Junior High School is 34.25% below the 2007 construction baseline.

Present for the hearing was Tom Hunter, Superintendent; Dr. Dennis Goldberg, Assistant Superintendent; Nate Day, Financial Advisor and Thomas Peterson, Bond Counsel.

Project: This project consists of an addition and renovation to Greensburg Junior High School. Specifically, two existing science labs will be renovated into general classrooms and one existing lab will be updated with new safety equipment, furniture, lab stations and technology. In the existing PE gymnasium restrooms, entrances and locker rooms will be brought into compliance with ADA codes. Light renovation will be done to configure the Art Room, add storage to the band room and add lockers. Selected restrooms will be brought into compliance with ADA codes.

The addition portion of the project will involve expanding the cafeteria into the existing courtyard, doubling the size. A two story addition with four science labs will be added to the end of the courtyard and a new corridor will connect the two wings of the building. A new PE facility will connect the school to the existing gymnasium. The street that currently bisects the campus will be closed and a new entrance drive and student pick-up/drop-off area will be built.

Current facilities lack up-to-date lab facilities in the Science classrooms. Classroom space is currently not available for every staff member in the building. The current Health and P.E program is hindered because of the lack of space in the facility. The lack of space hinders the size and periods of the day that this can be offered. Currently, only half of the students in a lunch period can eat in the cafeteria because of size limitations. Students sit in the lobby or go outside and play when weather permits.

The proposed addition of facilities at the Junior High would enable all grade levels to have up-to-date lab facilities. Students would be offered more lab time and opportunity to explore the different areas of Science. This time is also valuable in that it will help address state standards that are covered on the ISTEP+ exam. The proposed wellness center would provide the opportunity to offer all year Health and P.E. to help maintain nutrition and fitness. An expanded cafeteria/lobby will provide needed room so that all students are able to participate in lunch instead of in “shifts” as the current space dictates.

Comments: The Superintendent said this project is the third phase of their long range building plan. Phase one addressed elementary schools, phase two renovated the high school, and phase three will be to renovate the 1957 junior high. They held three public meetings to discuss the scope of the project. There was no remonstrance against the project. The scope includes the construction of sixth, seventh and eighth grade science labs with appropriate equipment. The labs are currently housed in regular classrooms. A large group instruction space will be constructed and will attach the current gymnasium to the junior high building. The cafeteria will also be enlarged. Within three years they anticipate the enrollment at the junior high building to increase from 350 to 600 students. Security will be enhanced with the addition of keyless entry and security cameras. Six hundred original lockers will be replaced. Three current science areas will be renovated to regular classroom space. All parking is currently on streets around the facility, so additional parking will be added. The cost of the project will be around six million dollars. Dr. Goldberg will be in charge of the project.

Mr. Bronnert asked if they have any other long range plans in the works. The Superintendent said they are currently in the process of doing feasibility studies with Dr. Boyd. The study was completed, but then the Honda plant announcement was made so they are going to redo it. All of this work is needed regardless of the Honda decision. At this time they cannot anticipate the growth they will receive from the Honda plant. If they do see rapid growth their elementary center was designed to be expanded for about 400 additional students. Mr. Bronnert asked if their existing schools are in good condition. The Superintendent said the elementary school is two years old, houses grades K-5, and has an enrollment of about 1,000 students. The high school was renovated three years ago. The junior high was built in 1957.

Ms. Hineline stated that the school corporation needs to submit a loose equipment list.

Dr. Seger asked what the vote on 3/13/07 was. The Superintendent said it was 6-0.

Mr. Bowen asked if it is correct that their persistence to graduation rate is 78%. The Superintendent said that is incorrect, their rate is closer to 86%. Mr. Bowen asked if they anticipate the Honda plant moving to their area will encourage or discourage students from

pursuing a college education. The Superintendent said they have a very high manufacturing population within the community now. About 70% of students go on to post-secondary education. The 14% of students who did not graduate were actually special education students and received special certifications. They really do not have any drop-outs. The School Board has been committed to developing the Adult Learning Center for those students in the community who are not able to go away for school. Mr. Bowen asked if the city will assist with the cost of the parking reconfiguration. The Superintendent said it is included in the construction cost. They will be closing a street on the campus and will level an administration building to create off street parking. The demolition cost of the administration building is not included in this project

Dr. Seger asked if that expense will be paid out of capital projects. The Superintendent said yes, it is in their plan.

Mr. Umbaugh said he has no problem with the way the bonds are structured and he thinks the capitalized interest is reasonable for a project of this size.

Motion: Mr. Bowen made a motion to approve a lease rental agreement with maximum annual payments of \$925,000 for 12 years. Ms. Hineline seconded the motion, which carried by a vote of 8-0.

Kokomo Center Township Consolidated Schools, Howard County: Officials requested approval of a general obligation bond issue in the amount of \$8,575,000. The total project cost is \$8,575,000. The term of the bond is 10 years. The tax rate impact is \$0.0260 with a new facility rate impact of \$0.0066 expected. The common construction wage scale was passed with the Governor's representative abstaining from the vote and the Industry Appointee named by the Awarding Agency being absent. There was no application for a petition and remonstrance process. The total project cost per square foot of the addition to Kokomo High School and Career Center is 28.92% below the 2007 construction baseline.

Present for the hearing was Tom Little, Superintendent; Eric Rody, Director of Business Affairs; Nate Day, Financial Advisor and Jim Thompson, Gibraltar Design.

Project: The proposed project adds vocational labs and computer labs to the Career Center. These new spaces will allow for expanded medical technology, dental and engineering academy programs and make existing spaces available for additional vocational programs.

Six computer labs proposed for the High School will provide facilities needed to use current educational technology and expanded academic programs. As part of this high school project, the Technology Department and training room will be relocated adjacent to the existing Server room where much of their work is performed. The existing vacated technology space will be used for academic classrooms.

The building will have a steel frame structure and exterior walls of brick masonry construction to match the 1998 work. Glazing will be double pane insulated glass. Roof construction will be insulation covered with a single-ply roof membrane sloped to roof drains. Walls are painted and

ceilings to be lay-in acoustical tile with 2x4 fluorescent light fixtures. Interior partitions are steel stud with gypsum board and block masonry at the corridors and mechanical room.

The existing electrical service and switchboard size will be increased. Conduits, chilled water, heating water and domestic water will be extended from the existing boiler room across the building to the new locations routed through existing utility tunnels. Safety and fire alarm systems will be extended into the new areas.

Site work will include relocation part of a driveway and moving storm and sanitary lines in conflict with the new construction areas. In conclusion, this project will provide expanded academic facilities to deliver the Career Center and High School additional planned educational programs.

Comments: The Superintendent said this project contains two parts. The first part is an addition to the Kokomo Area Career Center. The Career Center was moved to a centralized location in 1998. At that time they had about 300 students attending the center. Today it is an academic center with nine academies. 2,300 students now utilized the program. That enrollment is expected to double in the next five years. It serves eight other school corporations in the area, but it is attached to Kokomo High School. About fifty percent of the students that attend the program are from Kokomo High School. The other participating school corporations provide their own transportation to the center. Students enter the academies when they are freshmen and continue through their senior year. They would like to add Biomedical Science, Intro to Physical Therapy, Engineering Science Technology, Health Science, Intro to Emergency Medical Services, Civil Engineering and Architecture, Mechanical Repair, Building Facilities and Management, Fire and Police Science, Computer Systems and an Entrepreneurship academy. The entrepreneurship students would work along with local businesses. Students who complete the Career Center program usually leave high school with twenty to twenty four college credits.

This project will also add technology labs at Kokomo High School. The technology labs will address the additional needs required by the Core-40 program. The existing technology labs will be converted to math and science classrooms. One board member voted against the project at the 1028 hearing because he felt the project would be better addressed with a two story addition. A two level addition was found to be more expensive by five to six hundred thousand dollars due to extra requirements such as elevators.

The Director of Business Affairs said they reviewed different options for their bond schedule and settled on a ten year amortization assuming about a 5.75% interest rate. After reviewing ten, twelve and fifteen year amortization options they decided on the ten year option because of the lower overall cost of interest in the long run. The ten versus the twelve year term was about a \$850,000 estimated saving in interest, or about ten percent of the whole project. With the estimated 2.6 cent rate associated with the ten year issue they felt that was the most equitable option. Also, with this being a GO Bond issue it gets their GO Bond authority back to the board's level. They built their bond issue to have a larger year one maturity due to half a million dollars of the project being spent to purchase computers. They did not feel it was feasible to pay for computers over ten years because computers have a three to four year useful life. In that light, they reviewed using two separate bond issues, one for construction and one for computers,

but they found it was more efficient to have only one issue with early maturity. The building and grounds keeper will serve as the Clerk of the Works. They are currently ready to go out and bid the project. Hopefully construction will begin in July or early August and will take about a year to complete, so they will be open in August of 2008.

Mr. Bowen asked why they are adding capacity for 450 students when the demographics show that enrollment is decreasing. The Superintendent said they are seeing expansion of their special education programs. Those programs house a smaller number of students per classroom. Mr. Bowen asked if they are not actually adding capacity for 450 students then. The Superintendent said it depends how you measure capacity. The Career Center is a co-op program, so they will see additional students coming in from other school corporations. Mr. Bowen asked where these students are coming from. The Superintendent said they come from Northwestern, Western, Eastern, Taylor, and other outlying school corporations.

Mr. Umbaugh asked if this project is necessary because even though the enrollment of the school corporation is not growing the program at the Career Center is increasing. The Superintendent said that is correct.

Mr. Besinger asked if they are charging tuition to the other school corporations. The Superintendent said they receive additional pupil counts so they do not charge additional tuition rates.

Ms. Hineline asked if they are not billing back the schools that are sending students. Mr. Rody said the feeder schools do pay a transfer tuition to them. Those schools' APC dollars transfer over. Ms. Hineline said their persistence to graduation rate is low. Ms. Hineline asked if they anticipate this program will raise graduation rates. The Superintendent said that would be their hope.

Dr. Seger said they need to submit a list of loose equipment and technology. Mr. Rody said he has an equipment list he will submit.

Mr. Nemeth asked if the buildings and grounds keeper serving as the clerk of the works will have to work overtime. They responded yes, quite a few hours they anticipate. His background experience is extensive.

Mr. Umbaugh asked Mr. Day if they looked at using a long coupon to reduce capitalized interest. Mr. Day responded that they did look at that option, but they decided to go with making one larger payment in the first year instead. The costs between the two options were really a one to one swap.

Motion: Mr. Umbaugh made a motion to approve a general obligation bond issue in the amount of \$8,575,000. Ms. Hineline seconded the motion, which carried by a vote of 8-0.

South Gibson School Corporation, Gibson County: Officials request approval of a lease rental agreement with maximum annual payments of \$3,210,000 for a term of 22 years. Total project costs are \$32,510,000. The tax rate impact is \$0.4033 with a new facility rate impact of

\$0.0288 expected. The common construction wage scale was passed with the Governor's representative abstaining from the vote. There was no application for a petition and remonstrance process. The total project cost per square foot of the addition to Gibson Southern High School is 19.52% below the 2007 construction baseline.

Present for the hearing was Stacy Humbaugh, Superintendent; Tim Armstrong, Business Manager; Duane Michel, Board Member; Tim Nurrenbern, Board Member; Tim Chamberlain, Liz Hirsch and John Spradley, Patrons; Thomas Peterson, Bond Counsel and Colette Irwin-Knott, Financial Advisor.

Project: This project consists of an addition and renovation to Gibson Southern High School. The renovation will include: The existing Science Departments, Administration and Art classrooms will be renovated to accommodate six new science classrooms/labs. The Agriculture Department will be reconfigured so that the Ag. Lab is adjacent to the Manufacturer's Technology Lab so that many pieces of equipment can be shared. All existing locker rooms will be reconfigured. The Kitchen and Serving Line will receive new equipment. The Business Department, FACS and the Special Education spaces will be renovated. The existing Choir Room will be renovated into a new Distant Learning classroom. The existing typical classrooms consisting of Math, Foreign Language, Journalism, Language Arts and Social Studies are being renovated. One of the two existing openings (currently no doors) from each typical classroom to the corridor will be in filled. Two Special Education classrooms are being provided in the southwest portion of the upper academic area. Restrooms and student lockers will be renovated. A new elevator is being provided to access all three existing floor levels.

The addition will include: The Performing Arts facility is comprised of a 650 seat sloped floor Auditorium with an orchestra pit, full-fly stage and associated support spaces. The Set Design space is planned to be shared space also serving programmatic needs of the adjacent Art classroom. The Band/Choir classroom is a shared space serving the needs of both the choir and band departments and includes associated support spaces. The Art classroom shares the set design area with the Performing Arts department. The Auxiliary Gymnasium is designed to accommodate one regulation size basketball court and two regulation size practice basketball courts. The Wellness Center is located in close proximity to the entry and parking area to the east. A Boy's Athletic Locker Room addition is required south of the existing Athletic Locker Room to accommodate the football team locker/storage requirements. Second floor space is limited to a new Wrestling Room and a Mechanical Room.

Comments: The Superintendent said this project will include roof, HVAC and plumbing upgrades. The building is thirty-four years old and has not received any renovations or upgrades in that time. The building was designed in the early 1970s with an open concept, meaning there are no doors or walls, which creates learning and security issues. The high school administration needs to move to the main entrance for safety and security. This project will upgrade all classrooms by adding doors, walls, exterior finishes, technology and cabinetry. It will also expand and create new science labs to help with Core-40 offerings. They will add a new auditorium since the old auditorium is being displaced due to relocating the office area. They will be adding an auxiliary gymnasium. A new art room will be created due to expanding the science labs. A new band/choir room will be created and removed from the academic area.

The district first did a feasibility study in 2004 with Dr. Boyd. The study was completed in March of 2005. When the Superintendent joined the district she expanded this study to include a committee of nineteen participants. Community patrons from each town were added. This committee brought forth a recommendation to the board on June 20, 2006. After three community forums, the committee met again to develop its recommendation on a proposed project based on input from the community. After receiving the committee's report, the board included the proposed project on its agenda for the next eight months and discussion was held at every meeting in some format. Media coverage was detailed and extensive. The board added the auxiliary gym to the project after community demand. A brochure was mailed to every mailbox in the district outlining the project, tax impact, upcoming community forum, and the proposed 1028 hearing.

This project will address three main areas; safety and security, academic environment, and updating infrastructure and technology. Addressing safety first, the office area is currently in the lower level of the building in the middle of a hall. The office has no visible view of visitors except by camera. In the current configuration, the main entrance of the building leads to the auditorium, not the office. Relocating the office to the current auditorium allows for visible access and also puts the office at the front of the building. Addressing infrastructure, the building was built in 1974 with no remodeling or updates except for minimal ADA work. Upstairs of the academic wing has no classroom doors or walls, only accordion partitions. This creates a very noisy environment for students and teachers. All mechanical equipment is original except the water heater. Addressing academics, Gibson Southern is a four star school. Over eighty percent of students go on to higher education institutions. The science labs are outdated, small, and they currently are in need of one more lab space. Choir and band currently have separate rooms in the middle of the academic wing and administration cannot schedule other classes during band in that area without deterioration in the learning environment. In the proposed project, choir and band share one room in a wing separate from the academic wing. With this project severe and profound special education classes will gain access to an elevator and access to a gymnasium for adaptive P.E. The building will be updated to meet ADA compliance. The wellness center is currently housed in a former storage room with no ventilation. The community will be able to use the wellness center in the proposed project. The current gymnasium has P.E. in it every period with no place for dance class or adaptive P.E. The auxiliary gymnasium will be used to fill these needs. Because academics are a high priority the Board has made a commitment to the community that all athletics will be done by 6:30 p.m. and no morning practices will be held before school, allowing students to be home studying. Eighty students per year take theater class. The theater director has a large co-curricular participation with approximately 160 students. The current facility is a stage with seating. The original full auditorium was dropped during the design phase in the 1970s. The three other community school buildings have no facility for productions. The three area parochial schools, in addition to three community schools, would be encouraged to utilize the new auditorium. It would be the only community theater available without going into Evansville.

Gibson Southern is located in a small, rural agricultural community. After much input from the community, it was recommended by the Superintendent to the board for a twenty year bond due to the annual impact on taxpayers. This approach has considered the needs of all buildings in the

district, the desires of the board, the community, and expectations for growth in AV. In closing, the project has revolved around hearing for the community and evolved with the community involvement. From the formation of the committee, many members discussed the project with family, friends, and at local venues. The goal was to make sure no patron in the community was unaware of the discussions. This has truly been a community driven project and it received no remonstrance.

Mr. Barrow asked what the charge of the feasibility study done by Dr. Boyd was. The Superintendent said she was not there at that time. He was to come in and look at the demographics, utilization of the current facility, future growth in the area, and future needs of the district. Mr. Barrow asked if this project is a direct result of the recommendations made by Dr. Boyd. The Superintendent responded yes. When she came into the district they expanded the study and added more community members to the committee. The study was expanded to give a more definitive direction for the school corporation to pursue.

Mr. Bowen asked the Superintendent to expand on the community demand for the auxiliary gym. The Superintendent when the committee came forth with their recommendation they originally did not include the gym. The farming community voiced interest in building the gym. Even though they are a small school corporation they still run all athletic programs. They also need space to do conditioning for off-season sports.

Mr. Besinger asked how often they use the auditorium. The Superintendent said they use it every day of the year. They hold theater classes in the auditorium and also have a state level competing thespian group. The band and choir also use the auditorium during the day. Mr. Besinger asked if they are going to end up having two auditoriums. The Superintendent said no, because the offices will be moved to where the current auditorium is. Mr. Besinger asked if that office space will be two floors. The Superintendent said their central office burned last year, and they looked at that option at that time. Because it is not a full auditorium there is not enough volume space for two floors. The extra space will be captured for storage.

Mr. Umbaugh commented that splitting the bond issue into two parts is very good. Mr. Umbaugh said the proposed debt service rate of \$0.46 with no principal payment for the first five or six years then drops to \$0.40 cents when they begin making principal payments. Mr. Umbaugh asked why didn't they shorten the issue to make up the difference in that six cents. Ms. Irwin-Knott said nineteen different options were considered. They chose the twenty year option to allow for financial flexibility in the future. Mr. Umbaugh said there is no increase in AV on the summary of estimated tax impact. Ms. Irwin-Knott said they do that to be extremely conservative. Mr. Umbaugh said they are really going to have a much reduced tax rate over the next four to six years. Ms. Irwin-Knott responded that that is correct. Mr. Umbaugh said they used an interest rate of 5.39% and asked if that is on the high side for the current market. Ms. Irwin-Knott said that is the high side. If the bonds sold today they would anticipate closer to 4.75%. Mr. Umbaugh asked if they will have the ability to adjust the term of the second issue if interest rates go down. Ms. Irwin Knott said they would anticipate the outside parameter to be the first term of twenty-two years. They would hope that after approved construction bids could be taken in December and the \$32.5 million bond issue interest rates could be locked in at that

time. Mr. Umbaugh said he is not concerned with the delayed principal payments as long as there is a plan and additional projected growth that will plug in some additional capital.

Mr. Bronnert asked if they expect to issue bonds for the new roofs they are projecting they will need. The Superintendent said that study has been updated. Their K-8 community schools are very nice. Two of the buildings were built at the same time fourteen years ago. They are working to sequence things out so that everything will not come due at the same time. They are looking at doing some of this work out of CPF.

Mr. Umbaugh said it looks like they also have some short term GO capacity. The Superintendent responded yes.

Ms. Hineline said the form shows a current capacity of 237 square feet per student will reduce to 219 square feet per student and asked where they are losing capacity. Mr. Bowen said it is a problem with the form.

Dr. Seger said they need to submit a list of loose equipment and technology. They passed out a preliminary list. The Superintendent said they are just now beginning this process. The classrooms currently have no cabinetry. The teachers have done without in the past so they are being very conservative with spending now.

Mr. Nemeth asked if they have a ballpark cost for their roofing project. The Superintendent said it depends which way they go with materials. They currently have shingles. Mr. Nemeth asked if they have a number range. The Superintendent said it could be \$400 to \$1,000 per building. Mr. Nemeth asked if a portion of this project is roofing. The Superintendent said it will cost \$1.3 million to reroof the existing high school. Mr. Nemeth asked if they will be using a roofing consultant. The Superintendent said they will use one for the three community schools. Mr. Nemeth asked if they will bid the roofs locally or use a service center. The Superintendent said they have not gone that far down that road yet. They did just replace a small section of the roof above the kitchen at the high school. It will depend what grade of roofing they decide to go with if they will be able to bid locally or not. Locally for them would include Evansville.

Mr. Barrow said the school is currently at 92% capacity and asked if they are projecting growth. The Superintendent said Dr. Boyd's study shows them gaining and then leveling out at around 2013. Two years ago they saw growth of 51 students and last year growth of 61 students. Toyota has been in the area for ten years now and the growth may be due to that. They are not overbuilding their needs, but they are building to have room for expansion. There are three parochial schools in the area and those students come to the corporation either in the sixth grade or as freshmen. Mr. Barrow asked if this growth rate continues will they have a need for a new elementary school in the future. The Superintendent said they have talked about that at community forums. They have been seeing the largest growth in the Hopstead area. That school was designed to accommodate future expansion. The Superintendent said before she would ever consider an addition at that school she would look at reconfiguring the existing structure because the media centers are extremely large. Mr. Barrow asked if the only major capital projects in the near future are reroofing the existing structures. The Superintendent responded yes. Mr. Barrow said this project contains 67,000 square feet of non traditional classroom space

and asked the Superintendent to again explain the need for the auxiliary gym. The Superintendent said the life science teacher has been very patient, but the need for gym space is only going to increase. The dance class can only be scheduled two periods of the day because they cannot hold the class during lunch time. The common area is used for numerous things. They have looked at adding some programs in the past but have been unable to do so because they have no space for the programs. Mr. Barrow said 7,400 square feet will be used for music and arts and crafts, and asked what percent of students participate in those programs. The Superintendent said it would be about 35-40% of students. Performing arts are a very big deal for such a small community. Mr. Barrow asked if they will only have one auditorium because they are converting the existing auditorium to office space. The Superintendent responded yes. Mr. Barrow asked if they have talked to anyone else about paying for part of the auditorium since it will be the only performing arts space in the area. The Superintendent said the towns in the area are very supportive, but they are very limited with resources. Toyota participates in giving grants, but not in contributing directly to construction. Mr. Barrow asked if they will charge others to use the auditorium. The Superintendent said they have discussed with the board allowing students to run the auditorium, auxiliary gym, and wellness center so that they will not have to charge for use. The board has been very receptive. They feel patrons have already paid for this facility so they do not want to charge them again. Mr. Barrow asked if they considered bonding a portion of the project to reduce the cost and term. The Superintendent said yes, they looked at nineteen different options. They asked for the community's input and have to respect and utilize that input.

Mr. Umbaugh said the option to structure debt around existing debt may be going away soon, so they may want to provide the different options they considered as a means of explaining why they chose the option they did.

Mr. Bronnert said he would like to congratulate them on their graduation rate and improving ISTEP scores.

Motion: Mr. Umbaugh made a motion to approve a lease rental agreement with maximum annual payments of \$3,210,000 for 22 years. Mr. Nemeth seconded the motion, which carried by a vote of 6-2. Mr. Barrow and Mr. Besinger cast the dissenting votes.

Mr. Barrow noted that Mr. Mills was also opposed to this project on the grounds of the delayed principal payments and he felt the cost per student was extremely high.

Mt. Vernon Community School Corporation, Hancock County: Officials request approval of a lease rental agreement with maximum annual payments of \$5,957,000 for a term of 27 years. Total project costs are \$77,000,000. The tax rate impact is \$0.5254 with a new facility rate impact of \$0.0283 expected. The common construction wage scale was approved with the Governor's Representative and Taxpayer Named by County Legislative Body absent from the vote. There was no application for a petition and remonstrance process. The total project cost per square foot of the new elementary school is 7.86% above the baseline. The total project cost per square foot of the addition to Mt. Vernon High School is 14.71% below the baseline.

Present for the hearing was Bill Riggs, Superintendent; Bev Baugh, Business Manager; Jane Herndon and Jim Shanahan, Ice Miller; Milo Gray Jr., School Attorney; Colette Irwin-Knott and Ryan Usher, Umbaugh; Phil Davis, Principal; Lori Boyland, Principal; Clyde Hall, Citizen; Shelton Oakes and Nancy Werner, School Board; Bernie Campbell, Assistant Principal; Greg Rolb, Director of Technology; Bart York, Tom Neff and Kyle Miller, Skillman.

Project: The project consists of a major remodel of and additions to the existing Mt. Vernon High School. The remodel will comprise an area of approximately 228,000 square feet. The new addition consists of approximately 144,000 square feet.

Throughout the existing building, classrooms, administration spaces, and systems will be reconstructed and renovated. This includes major improvements to the performing arts, media center, vocational, and physical education areas of the building. Necessary infrastructure upgrades include HVAC, fire protection, and electrical/technology systems. Most existing spaces will receive new interior finishes and be reconfigured to provide more efficiency and additional space, where needed. The new building additions will include additional two-story classrooms, a new cafeteria, a new kitchen, and additions to the band and choir areas.

Site construction will respond to the new building floor plan, which will offer new main entry points at the west side of the building into the cafeteria/auditorium area, a new entry for administration, and a new student entry at the north of the building into the physical education area. Staff, visitor, and student vehicle traffic and bus flow will be improved for safety and efficiency. Bus staging is expected to be relocated on the west side of the building while improvements of routing buses from the Middle and Intermediate Schools will be made. The front entry area will be reconfigured to allow for more efficient staff and visitor parking and student drop-off.

The new Mt. Comfort Elementary School will replace the existing Mt. Comfort Elementary School, built in 1956, on the same site. The current site contains about 33 acres. The new building will be approximately 109,650 gross square feet and will be designed to support 650 students. The building will be based on the recently constructed McCordsville Elementary School with some design adjustments and improvements implemented into the new building. Site improvements will include new parking lots, bus routing, playgrounds, and the replacement of some or all of the existing baseball fields to the north of the building. A new running track with a soccer field is also proposed. Phasing of construction to allow ongoing use of the existing building and site during construction will be a key factor in planning the Project.

Comments: The Superintendent said they are here to seek approval of their project which consists of replacing Mt. Comfort Elementary School and remodeling and expanding Mt. Vernon High School. Two years ago, they were not sure the opportunity to come before the Control Board with a project would ever occur. They had just been notified that their proposed project had been soundly rejected through the petition and remonstrance process. Two years of hard work was dead in the water, and the community was openly divided. The board realized that they needed to move forward, but it could not happen without community support. They also understood that the validity of the project depended on who created it and how it was determined. They decided to appoint a thirty member committee made up of local patrons who

were respected by the community, and represented all aspects of the community. It was also important to balance the committee with representatives of the blue, yellow, and non-petition signers so that no group formed a majority. That guaranteed they would have to work together to develop a recommendation. The last element was to hire a facilitator to lead the group. The Board chose Dr. Robert Boyd, an Indiana State professor who is well known and respected throughout the state. The Board agreed to allow the committee to function under Dr. Boyd's guidance without any direct involvement from board members or the Superintendent. The committee met for eight months in public meetings to visit each school, listen to presentations from staff on the curriculum and relationship between the educational program and the design of the facilities. They also heard budget and growth projections. After eight months of study and debate, they unanimously created a recommendation that set the parameters for the project you presented today. The recommendation was to address the needs at Mt. Vernon High School and Mt. Comfort Elementary School within a budget that kept the total capital debt to assessed value ratio between ten and fifteen percent.

The Board used the Facility Committee's criteria to construct a project at a series of public meetings that gave the public opportunity for direct input into the project's design. They discussed educational programs, school schedules, square footage issues, design elements, budgets, taxes, and many other factors. The end result was a 5-0 vote from the Board members to proceed with the replacement of Mt. Comfort Elementary School and the expansion and remodeling of Mt. Vernon High School to eventually accommodate up to 1,800 students. The replacement of the pool was defined as an alternate that would be included if it could be done without pushing the cost of the project beyond the \$77,000,000 limit set by the board. This project meets every criteria contained in the Facility Committee's recommendation. The pool was eventually dropped because its cost made the project exceed the \$77,000,000 limit.

This time there was no remonstrance. The members of the Facility Committee publicly supported the project, and their patrons felt the project represented a good compromise. It addressed the most pressing needs of enrollment growth and the physical condition of the two most needy buildings. At the time the project was defined, they did not have a certified assessed valuation. There was concern that the net AV may drop due to the elimination of the inventory tax and the additional \$10,000 per home in homestead credit. However, trending and new residential and commercial growth outweighed the losses, and their recently certified AV actually increased by 11.3%. The increased AV puts the ratio of capital debt (including this project) to AV at 13.54%.

The decision to replace Mt. Comfort Elementary School instead of remodeling it was based on the recommendation of the Facility Committee. They indicated that if the costs were close for the two options, they recommended replacement. The cost projections indicated remodeling the building was approximately 70% of replacing it. Since the building had been remodeled and expanded three times after being built in 1954, the electrical, HVAC and plumbing systems all needed to be replaced for a more efficient and better serving building. Thus the board decided to replace the school and install a geothermal HVAC system. The elementary education program is based on the CLASS philosophy with an emphasis on developing the whole child. Five years ago, the entire elementary staff helped design the floor plan for McCordsville Elementary based on educational programming needs. It was not possible to mirror McCordsville Elementary by

remodeling Mt. Comfort Elementary. Thus, by building new, the facility replicated the McCordsville floor plan with improvements to the size, shape and location of key components. Security and safety are major issues for everyone. The existing Mt. Comfort Elementary is nearly impossible to secure and safety issues exist in the age of the building and traffic flow patterns. This design solves those issues by creating a floor plan with built in security and creating an entirely new traffic flow pattern that separates busses, cars and pedestrian traffic. Educational time is increased by adding restrooms, expanding the size of the cafeteria and gym, and locating special areas (art, music, p.e. and special education) closer to the classrooms. Mt. Comfort Elementary has served the community's park and recreational needs for many years. During that time, the Optimists, the Township Trustee, and the school corporation have developed the facility to provide the playgrounds and play fields for the community. This project relocates ball fields and playgrounds that are part of that community component.

Mt. Vernon High School was originally occupied in 1969, and it was designed to serve 750 students. It was expanded in 1994 to serve 1,000 students, and today they have 1,052 students at the high school. Dr. Boyd's projections estimate a population of 1,435 by 2013. The Facility Committee recommended they plan for a high school of 1,800. The plan created common areas such as hallways, entries, cafeteria, library, gym and performing arts for 1,800 students. They are creating sufficient classroom space for 1,500 students. Predefined areas of expansion will allow them to add space for the additional 300 students when it becomes necessary. Nearly every discipline within the school will be impacted by the construction. Improvements in the science, art, music, and physical education areas will be included in the new construction. Proper ventilation, modern equipment and appropriately sized classrooms will allow those subjects to improve the way they deliver their programs. The remodeling of the existing building will add space to the media center, and create additional computer labs for social studies, mathematics, and language arts. It will also update equipment and provide additional space for the High Tech Academy and for other vocational programs. Security and safety are also important at this site. The project will relocate the cafeteria to an outside wall and create ways to secure access and control traffic flow within the building. Outside, it will segregate student, bus, and visitor traffic to improve the flow and safety of the traffic pattern. The building will be converted to a geothermal HVAC system for more efficient operation. The corporation has made a commitment to the use of technology as a means to expand and enhance educational programs. Teachers are required to demonstrate proficiency in the use of technology and part of their evaluation is based upon the way they use technology to enhance and expand learning for students. This project will update technology and increase the students' and teachers' access to it.

In summary, this is a project that has a demonstrated need, and it was created through a very public process that offered extraordinary input to the patrons. After a horribly divisive campaign split the community and lead to the defeat of the original project, they have rebounded. The project they have today was the result of two years of community effort. It has reestablished the good relationship among parents, patrons and school personnel. They are very proud of the fact that those who helped defeat the original project are promoting this plan. Two opposition leaders who are here today are member of the Building Corporation who will help with the financing of this project. They hope the significance of this project is recognized and approval is recommended.

Mr. Bronnert asked if it is true that graduates pursuing college education has dropped significantly. The Superintendent said they had an error reporting to the state and the number cannot be changed. Mr. Bronnert asked if it is the same case with only 7.9% of students pursuing honors diplomas. They responded yes.

Mr. Besinger asked what their total debt plus interest is including this project. Ms. Irwin-Knott said the total principal and interest for this project is \$138 million. The second page in front of Tab A shows a total of about \$80 million outstanding, plus \$138 for this project, so they have a total of about \$218.5 million outstanding. Mr. Besinger asked why they are not paying any principal until 2010. Ms. Irwin-Knott said they are paying principal as early as they can. They are not wrapping this issue around any existing debt. Construction will take a substantial amount of time and they cannot make any payments until construction is complete. They are being as aggressive as possible.

Mr. Bowen asked how the capacity of 650 students at the elementary school is calculated. The Superintendent said the actual capacity can vary depending on the number of students in each class. The board has indicated they would like to keep capacity at the elementary level around 650, so that is where that number came from. Mr. Bowen asked if McCordsville Elementary was designed for 650 students because it currently only has an enrollment of 282. The Superintendent said McCordsville is the rapidly growing portion of their district. They predict they will have an enrollment of 500-600 students in five years. It was designed to accommodate growth. Mr. Bowen said the proposed school has 165 square feet per student versus the DLGF threshold of 150 square feet per student and costs \$169 per square foot versus the DLGF threshold of \$150 per square foot. Mr. Bowen asked why they should recommend approval of this project when it exceeds both DLGF thresholds. The Superintendent said the building is larger because it has additional kindergarten rooms and a significant response to special needs. The gymnasium is larger than you would usually see in an elementary to serve both educational and community requirements. The building is K-4, so they are not getting the advantage of ratcheting up the population in higher grade levels. The kindergarten wing is designed for full day kindergarten. They are seeing extremely high site development costs. The project has geothermal. They estimate that the site costs add five dollars a square foot. Right now everyone is experiencing volatile bidding environments due to a shortage of labor in Indiana. They are basically building this building in 2008. Inflation is catching up with CPI and running around five percent. Inflating the benchmark by five percent would take it up to around \$157 a square foot. Hopefully when the project is bid things will have settled down and it will come in under, but at this time they have to protect the owner. Mr. Bowen asked what will happen if it does come in under. The Superintendent said they have a list of alternates they will spend the money on.

Ms. Hineline asked why the buildings and grounds keeper and custodian salaries are higher at one building than the other. The Superintendent said the custodians are on salary schedules and they probably used the salaries of the current employees.

Dr. Seger said they need to submit a list of loose equipment. They said they can submit the loose equipment list from McCordsville which would be very similar.

Mr. Nemeth asked if the total debt service of the project (\$77 million versus \$138 million) was discussed with the community. They said a detailed estimate was given at the 1028 hearing. Ms. Herndon said all of those conversations were had at the community meetings. The Superintendent said they have submitted the minutes from eight separate meeting where these numbers were discussed openly. Mr. Oakes said he led the remonstrance two years ago. He said the community understands that there will be interest involved, but they are more interested in how the tax rate and their household budget will be affected. Mr. Nemeth asked Mr. Oakes what changed his mind about the project. Mr. Oakes said they reduced the scope of the project from \$136 to \$77 million which is a 43% or \$59 million decrease. He feels this better addresses the needs of the school corporation and the community. The thirty person group was able to bring everyone together and they voted unanimously to uphold the 10-15% debt to AV ratio and cap the project at \$77 million. Mr. Besinger said the square feet per student at capacity on the Mt. Comfort Elementary and High School forms are incorrect. Mr. Bowen said that again is a problem with the forms and Ms. Boldt will look into correcting it.

Mr. Umbaugh asked if they looked at using an interim lease rental to offset the capitalized interest. Ms. Herndon said at the last general assembly they changed how they do appraisals which makes it difficult to price leased land. Mr. Umbaugh said they were able to offset \$10.5 million in capitalized interest, which is pretty good given the size of the project.

Mr. Neff said the corrected area figures for when the high school is completed is 213 square feet per student based on an enrollment of 1,500. The high school presently has 127 square feet per student, which is less than an elementary.

Mr. Barrow asked if this project contains any of the components of the project that was defeated through the petition and remonstrance process. The Superintendent responded yes. The original project included a new gym, new auditorium and improvements to the pool. The change that was made is that they are renovating and expanding the gymnasium and auditorium. They are still building a new cafeteria because the old cafeteria is landlocked and cannot be expanded. They are also adding a two story classroom wing. The elementary project was originally a remodel, but has changed to a replacement. The other parts of the original project that were dropped were remodeling another elementary, adding a technology center, bus barn, and the pool. Mr. Barrow said the current and proposed capacity at Mt. Comfort is 63% and asked if redistricting will occur. They said Mt. Comfort currently has about 575 students. McCordsville was designed to grow with the community. Two thirds of new housing additions in the district are popping up in the McCordsville area. There is a housing addition on the border that they could shift if necessary. The new elementary school will be built next to the old, and when construction is completed the old building will be demolished and turned into parking. Mr. Barrow asked when the old building was built. The Superintendent said 1954. Mr. Barrow asked what their debt to AV ratio is. They said it is 13.5. Mr. Barrow asked if they have a plan to charge for use of non-academic space. They said they have a facility policy that charges for-profit patrons. Community patrons pay a facility rental fee. The Optimist club pays for electricity and water.

Mr. Nemeth asked who is helping with the costs. The Superintendent said the Trustee of the Optimists club helps with maintaining the park.

Mr. Bronnert said he thinks everyone is concerned with the cost of the school and the fact that it will be a burden on the community, but it seems they have addressed those issues.

Motion: Mr. Umbaugh made a motion to approve a lease rental agreement with maximum annual payments of \$4,350,000 for 27 years for the high school and \$1,607,000 for 27 years for the elementary school. Dr. Seger seconded the motion, which carried by a vote of 6-2. Mr. Barrow and Mr. Besinger cast the dissenting votes.

Mr. Barrow noted that Mr. Mills was opposed to the project because he felt they were getting in too far over their heads.

Merrillville Community School Corporation, Lake County: Officials request approval of a lease rental agreement with maximum annual payments of \$5,842,000 for a term of 24 years. Total project costs are \$59,000,000. The tax rate impact is \$0.2000 with a new facility rate impact of \$0.0230 expected. The common construction wage scale was passed with the Governor's representative abstaining from the vote. There was no application for a petition and remonstrance process. The total project cost per square foot of the addition to Merrillville High School is 12.12% below the baseline. The total project cost per square foot of the addition to Pierce Middle School is 4.45% above the baseline. Officials will not pursue year-round school.

Present for the hearing was Tony Lux, Superintendent; Kim Fox, Assistant to the Superintendent; Jane Herndon and Jim Shanahan, Ice Miller; Bonnie Coleman, Hodges & Davis; Lonnie Therber, Mike Therber and Tom Thorton, Financial Advisor; Tim Hawkins and Chris Carrera, Wells Fargo; Larry Koeves and Dion Katsuros, Skillman and Mark Lucas, School Board.

Project: The project involves the addition of a Freshman Wing to Merrillville High School. The wing will include an academic addition for 600 students, a full service cafeteria/kitchen, and ninth grade administration offices. Music, Art, I.T, FACS and Physical Education will remain in the existing building. An addition to Clifford Pierce Middle School will include ten classrooms, site and utility work, work to tie into the existing building, and options may include a lower level to accommodate a multi-purpose room.

Comments: The Superintendent said Merrillville High School's last project was completed in 1992-1993. When they began planning for that project in 1988 the facility housed grades 10-12 and had an enrollment of 1,100. At that time they had only seen two years of growth, so they planned for a four year high school and expected to be at about 2,000 students in those four grades. Since that time enrollment has increased a great deal. A demographic projection was done just under two years ago. The high school currently has an enrollment of just over 2,300 students and the demographic study shows them going to over 2,700 students. The high school senior class going out is about 520 students and the incoming eight grade is about 580 students. As a result they would like to go ahead with an addition to the high school to add capacity for 600 additional students. This addition will consist of a freshman wing. It is primarily all academic classrooms, but will also include a cafeteria and small media center. It will also have a large group instruction room. The ninth grade academy has a special program for students who are struggling academically. They take the bottom twenty percent of students coming out of

eight grade and put them into a very concentrated program. In Merrillville free and reduced lunch has tripled and minority students have doubled over the past five years, but academic performance has not changed.

Renovations at the high school will deal with ADA compliance. They are retooling for energy efficiency. Deterioration to carpeting and parking lots needs to be addressed. They are also doing an addition at the middle school which will again consist of only academic classrooms. Enrollment at the middle school is projected to increase to over 1,300 students and they are at just under 1,100 currently. They currently have classes of over thirty students at the high school. They have converted some specialty classrooms, but they have simply run out of space. This project will also address roofing issues at the elementary schools and the high school. The auditorium stage will be refinished after almost thirty years.

Mr. Besinger asked if they looked at increasing the kitchen area instead of building a new cafeteria. The Superintendent said they have already expanded the cafeteria into the surrounding hallways. There is no room left to expand. It is surrounded by classrooms and a street on one side. Mr. Besinger asked if they will be preparing food in two areas. The Superintendent responded yes.

Dr. Seger asked if they will be able to decrease the number of lunch periods from four to three. The Superintendent said no, because reducing the number of lunch periods would only increase the number of students in the cafeteria. Dr. Seger said they are going to be able to move 600 students to the freshman wing. The Superintendent said they have gone to a trimester schedule to allow students to earn more credits. They run a six period day, which affected the ability of students to obtain academic honors diplomas. Going to the trimester allowed them to address this as well as help at risk students.

Mr. Besinger asked what their total debt plus interest including this project is. Mr. Therber said it is \$326 million. The Superintendent said that in 2014 the debt will be reduced because the previous high school debt will be paid off, which will lower their debt service rate by twenty to thirty cents. Mr. Therber said the \$326 million is assuming a six percent interest rate on this project. Today the interest rate will be closer to five percent, which will bring the total amount of debt down to around \$313 million.

Ms. Hineline asked if their school corporation has a master plan. The Superintendent said they just finished expanding their elementary schools. They will be able to meet full day kindergarten requirements. They finished their intermediate school a few years ago and still have room for expansion at that location. After this project they will be in very good shape. If they see growth greater than what is projected they do have land available to expand. Ms. Hineline asked if there is any concern about this tax rate increase with the circuit breaker in Lake County. The Superintendent said that with the high school debt coming off there are only four years (2010-2014) where they will see an increase in the debt service rate of about twelve to thirteen cents. After that point the rate will decrease by twenty to thirty cents.

Mr. Nemeth asked how extensive their evening alternative education program is. The Superintendent said they have an adult education program that also services students who need

additional programs. In addition to that they have an alternative program after school for expelled or academic at risk students to acquire credits. Mr. Nemeth asked for a ballpark cost of the evening programs. The Superintendent said the alternative program handles as many as one hundred students. They use one teacher and several aids for this program.

Mr. Barrow asked about the high school lease extension listed on the summary of debt service payments. Ms. Herndon said that is because there is already a lease on the high school this project is being done as an amendment to the existing lease. Mr. Barrow asked when the original lease was supposed to expire. Mr. Therber said 2016, but the last payment would have been in tax year 2014. Ms. Herndon said the extension goes until June 30, 2031. Mr. Barrow asked if this is a way of refinancing the original lease. Ms. Herndon responded no. If the high school was not already encumbered they would be looking at a lease of a maximum of \$5 million for the next 23 years, but because there is already a lease on the high school they cannot add another lease on top of that. Just the form of that is called an amendment to the lease. Mr. Barrow asked if the new lease column is included in this amount. Ms. Herndon said the new lease portion is for the elementary school.

Mr. Umbaugh said in looking at the summary of debt service by year 2007 is about \$14,060,000, 2008 is the first year of payments at \$16,690,000, 2009 goes up to \$17 million, 2010 goes up to \$18 million, 2011 up to \$19 million, and finally \$20 million in 2012 with no principal payments for the first seven years. Mr. Umbaugh asked if there is a reason why they are stepping this up at a million dollars per year and not having any principal payments. Mr. Therber said the bonds for this project will not sell until late 2007 or early 2008. The construction period is about three years long. In those years they can only pay interest. For the next four years there could be principal payments, but because of the existing high school debt the board chose to forego principal payments at a cost of about an additional four million dollars. Mr. Umbaugh said it seems reasonable to him to structure around by putting some principal payments in year four and five or do a GO issue to offset it, but do something other than stepping up by a million dollars per year. From that point on the total debt service reduces. Mr. Umbaugh said that is a long time to finance \$59 million when you are not making any principal payments for the first six years.

Mr. Besinger asked if they ever considered building a separate freshman building. The Superintendent said they did consider that because they have some adjoining property, but the decision came down to elective space. With this project they can build only academic classrooms and have immediate access to elective classrooms. A separate building would have required them to construct much more additional space.

Mr. Bronnert asked the two board members to explain why they support this project. The Board President said they represent the people and take pride in the fact that they do listen to their constituents. They have heard nothing but positive feedback on this project. Many people would like to see the freshmen broken away from seniors in a separate wing. They did a similar thing a few years ago with their intermediate school and the community was very pleased with the results from a disciplinary standpoint. Overcrowding is a concern so people recognize the need for this project. The other board member said they have seen an unbelievable amount of growth. There is a continual housing boom going on in the community. A few years ago there

were 800 new housing units approved, so they know they are going to see that growth. They held five separate meetings before the 1028 hearing, and then at the 1028 hearing no one ever spoke against the project. The community really prides itself on education. Parents are coming to the community for the education. The community expects quality facilities as part of a quality education. The structure of this issue was met very favorably by taxpayers. To him, this seems to be a very responsible way to accomplish their goals, given the circuit breaker and other issues in the area.

Motion: Mr. Bronnert made a motion to approve a lease rental agreement with maximum annual payments of \$839,000 for 24 years for the middle school addition and elementary school roofing projects, and extend the existing high school lease rental agreement to June 30, 2031 with additional maximum annual payments of \$985,500. Mr. Umbaugh seconded the motion, which carried by a vote of 5-3. Mr. Umbaugh, Mr. Barrow and Mr. Besinger cast the dissenting votes.

Mr. Barrow noted that Mr. Mills was also opposed to this project on the grounds of the delayed principal payments.

Lanesville Community School Corporation, Harrison County: Officials request approval for emergency financial relief per IC 20-45-6-2(d).

Present for the hearing was Phil Partenheimer, Superintendent; Donny Heuson, Board President; Mark Werner, Board Secretary and Ron Wolf, member.

Comments: The Superintendent said they have just gone through fact finding and settled their contract with teachers. They are receiving less state funding, they are losing enrollment, and insurance has gone up 53% in the last two years. They do have \$300,000 in the rainy day fund that they have designed for emergency use. They project that they will run out of money in December. In 2005 they received \$110,000 for a new facility appeal. The appeal was in connection to them building a wing to accommodate full day kindergarten. The construction was done through the capital projects fund. In the past four years they have gained 53 students, and in next three years they will lose 53 students. There are two teachers of each subject in each grade. There are no positions left to be cut because they have already cut a special education teacher, a custodian and an aid. They are an exemplary school corporation, and have been for the past two years. They raised their average score 6.7% last year, and raised it another 2.6% this year for a 9.3% improvement. The tax rate is currently \$1.33, New Albany/Floyd is \$1.89, South Harris \$1.80 and North Harris is \$1.50. They are a small corporation.

Their options are to go under relief by the Department of Education. They will then go into the South Harrison School Corporation. If that were to occur their people would pay a higher rate in South Harrison than they are currently paying in Lanesville. They have been successful in getting students to pass ISTEP because they are a year-round school. They do get summer school reimbursement for that. Every nine weeks they fix kids. They use standards based instruction. They have a remediation teacher funded out of the general fund. If they lose this teacher they will lose their effectiveness to be an exemplary school. Another option is to tell teachers there is a law that says they cannot deficit spend so they are not going to give them what

the contract says and the teachers will have to sue them. That option will poison the people who are doing their job in the classroom. The third option is to raise an excessive levy so they can pay for what they are doing. This is the reason they are before the Control Board today.

In 2005 a \$110,000 new facility appeal was approved. This was approved by the public because they have to have a hearing, and the board also approved it. The next year they had a new facility appeal for \$10,800 and the public and board once again approved this. They also built a small building for their agricultural program. The agriculture teacher earns \$32,000, but they pay her \$42,000, so it costs them \$10,000 to have the program, but it is a very important program in the community. They cannot cut anyone else; they are required to have Math, English and foreign language teachers, as well as a media specialist, school nurse and athletic director. The appeal is to raise the levy for emergency relief to help them get through the next few years. The funding formula cuts the new facility appeal. They received through State Basic Grant, Local Property, License Excise, CVET, FIT and CAGIT \$3,366,939 in 2005. The next year they had fifteen more students, but they only received \$3,368,853. That is only \$2,000 more when they had fifteen more students at \$5,000 per student. That explains that the funding formula cuts into new facility appeals. Patty Bond told him that they would receive the new facility appeal money each year. This year they will receive \$3,339,816 from State Basic Grant, Local Property, License Excise, CVET, FIT and CAGIT, which is a cut of \$30,000. They are using the rainy day fund to make ends meet. In their 1782 the tax rate was 1.3360. They are asking for ten cents on one hundred dollars. It has already been approved by the public and the board.

Mr. Barrow asked about how much this additional levy will raise. The Superintendent said about \$150,000 per year. Had the new facility appeal stayed they would not need this money. This amount would get them to the point where they could stay solvent for a while. After that if they need a referendum they will do so.

Mr. Besinger asked if they have considered making cuts to extra-curricular activities. The Superintendent said the extra-curricular budget is about \$20,000. Mr. Besinger asked if that amount includes the salary of all of their coaches. The Superintendent said the varsity basketball coach is paid \$3,000. Mr. Besinger asked if all of their coaches' salaries equal \$20,000. The Superintendent responded yes. That amount is pennies compared to what they need. Their teachers do not live in the district so they do not care what they pay their coaches.

Ms. Hineline said the Superintendent stated in the beginning that they had recently signed teacher contracts. Ms. Hineline asked what they did with the teacher contracts. The Superintendent said the teacher contracts were a wash. This is one of the reasons they want to appeal. What they gained in wages they lost in health care. The school was paying 85% of a good deductible package. The school held out on wages for three years, but when they got their wages they lost in health care. Ms. Hineline asked if they are picking up any insurance at all for the teachers anymore. The Superintendent said they lowered their policy from a 200/400 down to a 500/1000 and co-pays went up \$10. They were able to give them a raise out of their concessions.

Mr. Barrow asked if the new facility appeals were all for different buildings. The Superintendent said yes, they were for additions. Mr. Barrow asked what those building were. The

Superintendent said they did an addition of five rooms to the elementary out of CPF. They also built the agricultural classroom and a greenhouse. They just finished an agricultural shop. They have currently asked for that money. The issue was when they built the addition they had 589 students and 56 kindergarteners so they expected to be at 642 students. They thought the corporation was beginning to expand, which is why they built the classrooms. The rooms have been important because they have been able to house full-day kindergarten. The addition was also the result of them having to close a 1954 gym that was deemed by engineers to be unsafe.

Mr. Bowen asked them to explain the process of the taxpayers approving the ten cents. The Superintendent said they advertised their budget and that figure was advertised in the budget. He would not have received it from the DLGF if they had not advertised it. Mr. Bowen asked if he is talking about this additional ten cents that they are asking for. The Superintendent said he is saying that they have in the past had their public approve ten cents worth of levy, but they have lost it due to the funding formula. Mr. Bowen asked if they are assuming then that the public would approve this. The Superintendent said he knows they would, but they have already approved it by allowing it to go in the budget.

Dr. Seger said the new facility appeal was approved three years ago. The Superintendent said it was in 2005 that they advertised for \$135,000 of which the DLGF ordered they could levy \$110,000. Dr. Seger said when they adopted and approved their 2007 budget they did not have an excessive levy of ten cents built in at that time. Dr. Seger said the new facility appeal would have been listed there. The Superintendent said when they originally did it, it was assumed that they were going to start with the new facility appeal of \$110,000 and the new money will add on to that, but that has been absorbed. Dr. Seger said the question was did the public know, and no they wouldn't because the new facility appeal wouldn't be listed again unless they have a new appeal. Dr. Seger said the appeal is not listed in their 2007 budget. The Superintendent said it could not be. It was listed in previous years. Dr. Seger said they are asking for ten cents now and no, it was not advertised or approved by taxpayers.

There was a discussion by the control board members regarding the advertising and approval process required.

Mr. Barrow asked what their tax base is. The Superintendent said it is \$130 million. Mr. Barrow asked if this levy would produce \$130,000 of additional funds. The Superintendent said his 2006 AV was \$139,978,000 but he thinks the total AV has gone down. They have a projected budget from the house, but it is incorrect because they are going to lose fifteen students this year and fifteen more in 2009.

Mr. Bronnert said the disadvantage of new facility appeals is that eventually the community picks them up 100%.

Mr. Bowen asked what the future of this corporation is, particularly if it is inevitable that they will be melded in with South Harrison in the next few years. They said it will not happen with this board. In 1999 they were still a trustee operated system. They reorganized in 1991 in order to do a building project. There was a petition and remonstrance filed against the building project. They were able to defeat the remonstrance and in the board's opinion they were able to

save the school corporation. They are a very proud local school corporation. There is growth in the area, but the problem with their district is a lack of sanitary sewers. Eventually growth will come their way. They are a bare bones corporation with an emphasis on academics first and athletics second.

Mr. Bronnert asked if they only cover one township. They said yes, they serve Franklin Township.

Dr. Seger said she is not opposed to the ten cents request, but she is not sure if she understands the process. Dr. Seger said they would not be able to receive this for the 2007 year, but would have to advertise with the 2008 budget on the 16 line statement where it says excessive levy. They would then come back in the fall for this to be approved after it has been advertised.

The Control Board had another discussion on the process of approving this request.

Mr. Nemeth asked why they did not put this to a referendum first. The Superintendent said they have a resolution that was passed by the board approving them coming to Control Board for emergency relief. The Superintendent said he does not want to put the board through a vote. A referendum would be a risk.

Mr. Bowen said that every school corporation that has ever come in for a new facility appeal has had the same problem. It is discussed at almost every new facility appeal hearing that the appeal is only for one year. Mr. Bowen said he is really bothered now because in one breath they said the community supports this, but then in the next breath they say they do not want to put the board through a vote. The Superintendent said a referendum is a one time deal. This is a budget issue, not a political issue. They want to avoid the anger that would come out in a referendum vote. Mr. Bowen asked where the anger would come from. The Superintendent said there will be people saying they mismanaged their funds.

Ms. Hine said they are still raising their taxes and are going to have to explain to their constituents why they are doing that. The Superintendent said he is asking for their permission to allow him to put this on his 16 line statement. Ms. Hine said he does not need their permission to put this on his 16 line statement.

Mr. Bowen asked if they had legal advice on this. The Superintendent said no, but he talked to his friend Denny Stroud who recommended they come and do this.

Motion: Mr. Umbaugh made a motion to approve emergency financial relief in the amount of \$128,800. Mr. Bronnert seconded the motion, which received a vote of 4-4. Ms. Hine, Dr. Seger, Mr. Nemeth and Mr. Bowen cast the dissenting votes.